



STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
www.bpu.state.nj.us

TELECOMMUNICATIONS

IN THE MATTER OF THE VERIFIED PETITION OF 1-800-)
RECONEX, INC. FOR AUTHORITY TO PROVIDE LOCAL)
EXCHANGE, EXCHANGE ACCESS AND INTER-)
EXCHANGE TELECOMMUNICATIONS SERVICES)
THROUGHOUT THE STATE OF NEW JERSEY)

ORDER

DOCKET NO. TE03020127

(SERVICE LIST ATTACHED)

BY THE BOARD:

Pursuant to N.J.S.A. 48:2-1 et seq. and Section 253 of the federal Telecommunications Act of 1996, 47 U.S.C. §151 et seq., and by letter dated February 12, 2003, 1-800-RECONEX, Inc. ("Petitioner" or "Reconex") filed a Petition with the New Jersey Board of Public Utilities ("Board") requesting authority to provide local exchange, exchange access and interexchange telecommunications services in the State of New Jersey. On June 26, 2003, Reconex also filed an amended Petition. Pursuant to the Open Public Records Act N.J.S.A. 47:1A-1 et seq., Petitioner has submitted its financial information under seal and has included a sworn affidavit with substantiation for confidential treatment in order to limit the availability of proprietary information.

Reconex is a privately held corporation organized under the laws of the State of Oregon. Petitioner's principal offices are located at 2500 Industrial Avenue, Hubbard, Oregon 97032.

Petitioner has submitted copies of its Certificate of Incorporation from the State of Oregon, its New Jersey Certificate of Authority to Operate as a Foreign Corporation and its registration with the State of New Jersey as UStel to conduct telecommunications business under an alternate name. According to the Petition, on January 7, 1998, Reconex, under Docket No. TM97100801, received authority to provide prepaid local telecommunications services when the Board issued an order approving the resale agreement between Bell Atlantic – New Jersey, Inc. and Sterling Funding, Inc. d/b/a Reconex. Subsequently, on July 29, 1998, Reconex filed, with the Board, a request for a change in name from Sterling International Funding, Inc. d/b/a Reconex to 1-800-RECONEX, Inc. Reconex was formed to provide local exchange, exchange access and interexchange telecommunications services throughout New Jersey. Petitioner states that it is currently providing prepaid local telecommunications services in the State of New Jersey. Petitioner states that it is currently authorized to provide the following telecommunications services in the related states:

- (a) Resold facilities-based local exchange and interexchange telecommunication services in Florida, Georgia, Kansas, Maine, Missouri, Montana, Nevada, New York and Utah;

- (b) Resold local exchange and interexchange and facilities-based local exchange telecommunications service in Arkansas, California, Connecticut, District of Columbia, Hawaii, Idaho, Illinois, Iowa, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Mississippi, Nebraska, New Mexico, North Carolina, North Dakota, Oregon, Pennsylvania, South Carolina, Tennessee, Texas, Vermont, Virginia, West Virginia, Wisconsin and Wyoming;
- (c) Resold local exchange and interexchange and facilities-based interexchange telecommunications service in the State of Alabama;
- (d) Resold local exchange telecommunications service in Arizona and New Jersey;
- (e) Resold local exchange and interexchange telecommunications service in the State of Indiana;
- (f) Resold local exchange and facilities-based local exchange telecommunications service in Oklahoma, Rhode-Island and South Dakota; and,
- (g) Resold interexchange and facilities-based interexchange telecommunications service in the State of New Hampshire.

According to the Petition, Reconex has not been denied authority or had its authority revoked or suspended in any jurisdiction. The Petitioner further states that it has not had any complaints or judgments levied against it in any other jurisdiction, nor has it been the subject of any criminal or civil investigation related to the delivery of telecommunications services.

In its Petition, the Company seeks authority to provide local exchange, exchange access and interexchange telecommunications services to both residential and commercial customers throughout New Jersey. According to the Petitioner, Reconex intends to provide services through both resale and Unbundled Network Element Platform ("UNE-P"). Petitioner states that even though it intends to provide service as a facilities-based carrier through UNE-P, it will not construct, install or maintain its own facilities, plant or equipment in the state of New Jersey. Petitioner states that it will continue to provide its prepaid service under its current name and will also provide telecommunications service as UStel, its alternate name. On May 15, 2002, the Board, under Docket No. TO01110748, approved an application of United Telephone of New Jersey, Inc. and Reconex for an interconnection and resale agreement. On September 6, 2002, the Board, under Docket No. TO01090596, approved an application of Verizon New Jersey, Inc. and Reconex for an interconnection agreement. Petitioner states that it will file tariffs in accordance with the Board's regulations. Petitioner states that it has set up a toll-free number for customer service.

Petitioner requests a waiver of N.J.S.A. 48:3-7.8 and N.J.A.C. 14:1-4.3 which require that books and records be kept within the State of New Jersey and be maintained in accordance with the Uniform System of Accounts ("USOA"), respectively. In the interest of efficiency and to prevent undue burden, Petitioner requests permission to maintain its books and records in accordance with Generally Accepted Accounting Principles and to keep all books, records, documents and other writings incident to the conduct of Petitioner's business in the State of New Jersey at Petitioner's corporate offices in Hubbard, Oregon. Petitioner also states, upon written notice from the Board and/or Board Staff, it will provide its books and records at such time and place within New Jersey as the Board may designate and will pay any reasonable expenses for examination of the records.

Petitioner asserts that approval of its Petition will further the public interest by expanding the availability of competitive telecommunications services in the State of New Jersey. Petitioner also asserts that approval of this Petition will provide New Jersey customers with access to new technologies and service choices and will permit customers to achieve increased efficiencies and cost savings.

With regard to its technical and managerial qualifications, Reconex states that it possesses the technical capability and managerial qualifications to operate and manage its telecommunications operations in the State of New Jersey. Petitioner has submitted the professional biographies of its key personnel who,

according to Reconex, are well qualified to execute its business plans and have extensive managerial and technical experience in the telecommunications industry.

DISCUSSION

On February 8, 1996, the federal Telecommunications Act of 1996, P.L. 104-104, 110 Stat. 56, codified in scattered sections of 47 U.S.C. §151 et. seq., was signed into law, removing barriers to competition by providing that:

[n]o State or local statute or regulation, or other State or local legal requirement, may prohibit or have the effect of prohibiting the ability of any entity to provide any interstate or intrastate telecommunications service.

[47 U.S.C. §253(a)].

Therefore, Board approval of Petitioner's entry into the telecommunications marketplace is required, assuming Petitioner meets all other requirements, including, but not limited to, a demonstration of financial, technical and managerial integrity.

In considering this Petition, the Board recognizes its obligation not to prohibit entry into intrastate telecommunications markets. 47 U.S.C. §253(a). Approval is also in keeping with the New Jersey State Legislature's declaration that it is the policy of the State to provide diversity in the supply of telecommunications services, and its findings that competition will "promote efficiency, reduce regulatory delay and foster productivity and innovation" and "produce a wider selection of services at competitive market-based prices." N.J.S.A. 48:2-21.16(a)(4); N.J.S.A. 48:2-21.16(b)(1) and (3).

Therefore, having reviewed Reconex's Petition and the information supplied in support thereof, the Board FINDS that the Petitioner is in compliance with the Board's filing requirements which are necessary to provide telecommunications services in New Jersey. Accordingly, the Board HEREBY AUTHORIZES the Petitioner to provide local exchange, exchange access and interexchange telecommunications services throughout New Jersey subject to approval of its tariff. The Board also FINDS that in accordance with N.J.S.A. 48:2-59 and 48:2-60 and N.J.S.A. 52:27E-61 and 52:27E-62, the Petitioner is subject to an annual assessment by both the Board and Division of Ratepayer Advocate, respectively. The Board notes that the Petitioner will not be permitted to provide telecommunications services until a tariff is approved by the Board.

The Board HEREBY ORDERS that:

- 1) Petitioner file its tariff for Board approval.
- 2) Pursuant to N.J.S.A. 48:2-16.3, Petitioner shall file an annual report as of December 31 of each year, which is due on or before March 31 of the following year.
- 3) Pursuant to N.J.S.A. 48:2-59 and 48:2-60, Petitioner shall file a statement of gross intrastate revenues from operations form (AR3-1) as of December 31 of each year, which is due on or before June 1 of the following year.

On or before February 1st of each year, the Petitioner will receive from the Division of Audits, an annual report package and a statement of gross intrastate revenues from operations form for the preceding calendar year. The purpose of these documents is to report the company's financial information and gross intrastate revenues from operations as of December 31 of each year. The annual report and a statement of gross intrastate revenues from operations form is due on or before March 31 and June 1 of the following year, respectively. If Petitioner does not receive these documents, it is Petitioner's responsibility to obtain them from the Board. It is also the Petitioner's responsibility to ensure timely filing of these reports.

Regarding the Petitioner's request for waivers of the Board rules, the Board FINDS that the Petitioner has demonstrated good cause why the Board should grant relief from its requirements that the Petitioner maintain its books and records in accordance with USOA and within New Jersey. Therefore, subject to the Petitioner's continuing responsibility to provide the Board books and records upon 48 hours notice, and in the manner requested, and to pay to the Board any reasonable expenses or charges incurred by the Board for any investigation or examination of these books and records, the Board APPROVES the Petitioner's request for the exemptions from maintaining its books and records in accordance with USOA and in New Jersey.

DATED: 8/19/03

BOARD OF PUBLIC UTILITIES
BY:

(SIGNED)

JEANNE M. FOX
PRESIDENT

(SIGNED)

FREDERICK F. BUTLER
COMMISSIONER

(SIGNED)

CAROL J. MURPHY
COMMISSIONER

(SIGNED)

CONNIE O. HUGHES
COMMISSIONER

(SIGNED)

JACK ALTER
COMMISSIONER

ATTEST:

(SIGNED)
KRISTI IZZO
SECRETARY

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FOR AUTHORITY TO PROVIDE LOCAL EXCHANGE, EXCHANGE
ACCESS AND INTEREXCHANGE TELECOMMUNICATIONS
THROUGHOUT THE STATE OF NEW JERSEY

DOCKET NO. TE03020127

SERVICE LIST

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2. Petitioner's Attorney:

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